



LIBRARY
OF THE
UNIVERSITY
OF ILLINOIS

331.1

Il65i

no. 1-25

1871

1872

65L
35
7-15

INSTITUTE OF



LABOR AND INDUSTRIAL RELATIONS

Master Agreements in Collective Bargaining

THE LIBRARY OF THE

NOV 15 1970

UNIVERSITY OF ILLINOIS

UNIVERSITY OF ILLINOIS
BULLETIN

EDITORIAL NOTE

The Institute of Labor and Industrial Relations was established in 1946 to "inquire faithfully, honestly, and impartially into labor-management problems of all types, and secure the facts which will lay the foundation for future progress in the whole field of labor relations."

The Institute seeks to serve all the people of Illinois by promoting general understanding of our social and economic problems, as well as by providing specific services to groups directly concerned with labor and industrial relations.

The *Bulletin* series is designed to implement these aims by periodically presenting information and ideas on subjects of interest to persons active in the field of labor and industrial relations. While no effort is made to treat the topics exhaustively, an attempt is made to answer the main questions raised about the subjects under discussion. The presentation is non-technical for general and popular use.

Additional copies of this *Bulletin* and others listed on the last page are available for distribution.

W. ELLISON CHALMERS
Acting Director

MILTON DERBER
Coordinator of Research

DOROTHY DOWELL
Editor

ILL.I.R. PUBLICATIONS, SERIES A, VOL. 3, NO. 5

UNIVERSITY OF ILLINOIS BULLETIN

Volume 47; Number 22; November, 1949. Published seven times each month by the University of Illinois. Entered as second-class matter December 11, 1912, at the post office at Urbana, Illinois, under the Act of August 24, 1912. Office of Publication, 358 Administration Building, Urbana, Illinois



MASTER AGREEMENTS IN COLLECTIVE BARGAINING

By W. ELLISON CHALMERS and SCOTT MACEachron

THE PICTURE WHICH people commonly have of labor and management negotiating a collective agreement includes a single employer sitting down with the representatives of his own employees organized in a local union. People even think that these negotiators, sitting opposite each other with demands and counter-demands, decide by themselves how to carry out negotiations and what goes in the agreement.

In most cases, though, the bargaining picture expands to include more than one employer and more than a local union. Frequently the negotiators in the picture represent more than one employer and local union, and all are concerned about the outcome of negotiation meetings. And the negotiators are sure to receive advice and assistance and pressures to go in one direction or another from the people they represent.

For many years, labor and management have tried different arrangements for working agreements. Today, segments of each group are moving toward bargaining through large, organized units representing many individual employers and local unions and working out what are called master agreements.

Most bargaining relations, however, still involve a single employer and a local union. There are several advantages to this type of bargaining:

1. It's the simplest form of collective bargaining. The employer doesn't use an organization to represent him, and only those employees who are subject to the same shop conditions are grouped together.
2. The parties bargaining are dealing only with their own problems. The answers they want can be made to fit their own conditions.
3. The relationship between the parties after the agreement has been signed can be continued to better advantage from the face-to-face contacts of those responsible for making the agreement work from day to day.

BARGAINING BY LARGER GROUPS

Despite the advantages of this type of collective bargaining, many corporations and unions are finding it even more to their advantage to bargain in larger groups. There is a trend for companies to band together in associations and for local unions to bargain through larger units. The factors influencing this trend toward collective bargaining through larger units, or multi-unit bargaining, will be discussed later.

The percentage of all workers under agreement who are covered by agreements with associations and groups of employers is shown in Table 1. It is apparent from the table that many large and important industries have found it to their advantage to conduct bargaining on a scale larger than the single union-employer basis.

TABLE 1. Percentage of All Workers Under Agreement Who Are Covered by Agreements with Associations and Groups of Employers, by Industry¹

80-100%	60-79%	40-59%	20-39%
Clothing, men's	Baking	Building service	Beverages,
Clothing, women's	Book and job	and main-	nonalcoholic
Coal mining	printing and	tenance	Hosiery
Laundry, cleaning,	publishing	Leather products	Hotels and
dyeing	Canning and	Newspaper and	restaurants
Longshoring	preserving food	periodical	Jewelry and
Maritime	Construction	printing and	Silverware
Ship and boat-	Dyeing and	publishing	Lumber
building	finishing textiles		Shoes, cut
	Glass and glassware		stock, and
	Malt liquors		findings
	Pottery and related		Trades
	products		
	Trucking and ware-		
	housing		

The remaining industries in our economy are in the 0 to 19 per cent classification. Railroads are not included in this table because the Bureau of Labor Statistics considers collective bargaining in railroad transportation to be on an individual railroad system basis.

This table suggests the wide field and the complications of multi-unit collective bargaining. It doesn't show a complete picture, however. There is an additional kind of multi-unit bargaining that is not shown. The table refers only to agreements in which groups of employers have combined together. In addition, a single employer

TABLE 2. Predominant Area of Bargaining with Associations or Groups of Employers, by Industry²

Bargaining on a national or industry-wide scale	Bargaining by geographic (regional) areas	Bargaining within a city, county, or metropolitan area
Coal mining	Canning, and	Baking
Elevator installation and repair	preserving food	Beverages, nonalcoholic
Glass and glassware	Dyeing and	Book and job printing and publishing
Installation of automatic sprinklers	finishing textiles	Building service and maintenance
Pottery and related products	Fishing	Clothing, women's*
Stoves	Hosiery	Clothing, men's*
Wall paper	Leather (tanned, curried, finished)	Confectionery products
	Longshoring	Construction
	Lumber	Cotton textiles
	Maritime	Dairy products
	Metal mining	Furniture*
	Nonferrous metals and products except jewelry and silverware	Hotel and restaurants
	Paper and pulp	Jewelry and silverware
	Shoes, cut stock, findings	Knit goods
		Laundry and cleaning and dyeing
		Leather products, other
		Malt liquors
		Meat packing
		Newspaper printing and publishing
		Paper products, except wall paper
		Silk and rayon textiles
		Steel products except stoves*
		Tobacco
		Trade*
		Trucking and warehousing

* Indicates that there is also some bargaining on regional and/or industry-wide basis.

may be a corporation with several, even many plants, each of which has one or more local unions. In many of these cases we find a single master agreement covers the single corporation on the one side, and all or many of the local unions in the separate plants on the other side. Many of these agreements may cover a larger number of employees than those considered in the table.

There are examples, also, of one or a few big firms that make an initial settlement with the union or unions in the industry. The rest of the industry then finds it necessary to accept just about the same terms. This has been the case, for example, in the steel industry.

The areas covered in collective bargaining by the various groups of employers and their employees' bargaining agents are shown in Table 2. Although industry-wide bargaining is still far from the general rule, the local plant-union type of agreement is no longer the important or predominant type in a great many American industries.

This table shows that the most common form of multi-unit bargaining is either by geographic regions or is limited to a local community — that is, a city, a county, or a metropolitan area. But again, as we said about the first table, some important aspects are omitted from this second table. None of the master agreements covering a single corporation and many local unions is counted. The dominant role, in some industries, of one or a few separate agreements is not included.

Types of Bargaining Groups

Obviously, group bargaining requires some form of organization. On the union side, the organization may take the form of several locals of the same union bargaining together with a group of employers. One example is the central building trades councils, where different unions of building trades craftsmen bargain jointly with contractors' associations. In other cases, the job of negotiating is placed in the hands of the regional or national union officers. In many cases, however, the final agreement is sent back to the local union memberships for a vote of acceptance.

Employers have two main types of associations, the formal and the administrative. The formal association exists in name only during most of the year. The association is first concerned with contract negotiations and goes into action at the time of the year when contracts are renegotiated. The usual course of action at this time is for the association to negotiate with a union group a series of contracts that are the same for each member. Each member usually agrees to live up to the contract drawn up by the group. After the negotiations are ended, this type of organization no longer operates as a working unit for the balance of the year. The member companies give up their individual judgment in the contract negotiations, but do take on the responsibility to follow out the contract. In some cases under this arrangement, the separate contracts vary in detail.

The administrative type of employer organization keeps constant watch over and gives aid to the members in their relations with the unions. In some cases, the major part of the normal action of industrial relations is taken away from the member companies and placed in the hands of a central committee composed of representatives of the various member firms. All grievances that arise at the local level, but which are not settled in the plant, are sent to the central committee before they go to arbitration. In general, such a plan results in a change in the collective bargaining relationship from a personal, individual process to a formal organization of each side.

Many authorities agree that collective bargaining is slowly moving beyond the single unit type of negotiation.³ Not only are more unions actively campaigning for the acceptance of a wider area of bargaining relationship, but many employer groups are finding such measures necessary in order to re-establish a suitable balance of power with a strong united union.

WHY MULTI-UNIT BARGAINING?

We can gain some understanding of the conditions causing the use of larger units in collective bargaining and the problems posed by it by examining in some detail two situations where multi-unit bargaining exists. The first, in the San Francisco area, represents a combination of various kinds of city-wide bargaining.⁴ The second is in the pottery industry.

Three types of multi-unit bargaining have developed in the San Francisco area. The first covers a single craft in the local labor market; the second covers all firms in the area manufacturing the same type of product; and the third is a union-wide agreement in the area.

Job competition is the first concern of both management and the craft union under the agreement covering a single craft. The union tries to preserve the job and the wage standards of the craft within the framework of the local labor market. It's not as directly concerned with the labor market situation outside of the local area. If the union is stronger than management, it may control the number of people entering the trade as well as the placing of men on jobs.

The second type of agreement covering all firms in the area that manufacture the same type of product, is the one most widely used in the San Francisco area. The industrial union is interested in an area as wide as the product market in which it operates because it considers low wage areas as unfair competition. The union, therefore, presses for wage standardization. The employers in the high-wage areas are also in favor of wage standardization because they don't wish to risk the possibility of price competition caused by differences in labor costs. The workers in the low-wage areas are also interested in wage standardization. They don't like the idea of working at low wages on a product that sells in the market for the same price as the product of their high-wage neighbors.

The union-wide agreement in the area is the result of a very strong union, moved by the desire to strengthen its bargaining power and extend its jurisdiction, unionizing plant after plant in a given area far beyond the traditional craft or industry lines. The employers in such an area, manufacturing a wide variety of different products, find themselves drawn together by the need for joint action to match the strength of the union.

The San Francisco Experience

Multiple-unit bargaining began early in the San Francisco area when waterfront employers banded together to form a defensive league against the rapidly spreading strength of the International Longshoremen's Union. As the union spread its jurisdiction beyond the waterfront, many employers in the San Francisco Bay area found they were not able to deal effectively with it. Recognition of the union became a matter of necessity, and more and more employers found their former strong bargaining position growing weaker and weaker. As a protective measure, they formed the San Francisco Industrial Association, "a belligerent employer's association of classic type."⁵ This fighting organization lasted only a short time. It was replaced by the San Francisco Employers' Council, a well-knit, business-like association.

The San Francisco Employers' Council is a combination of a large variety of industrial associations and single employers banded together to give a united front to the unions in the area. Some 2,000 employers, representing nearly every important industry and plant

in the area, are members of the Council. The Council's original purpose was primarily defensive, an attempt to restore the balance of power their members were losing to the union. The Council immediately used the master agreement as a bargaining device. This agreement is arrived at between a union and all the employers with whom the union negotiates. The bargaining is done by members of the Council. Jurisdiction over the actual signing of the contract is removed from the hands of the original employer and given to the Council.

The Council, gaining stature and experience, learned that the union tactic of playing one firm against the other, or "whipsawing," could be used by a smart union during the life of the contract as well as at the bargaining table. The Council was eager to eliminate this tactic and realized the need for a continuous advisory service for the member companies. To fill this need, the Council established full-time committees to handle the various problems coming out of the day-to-day operations of the member firms. As a result, the Council has been able to coordinate the industrial relations policies of its member companies so that a union has not been able to exercise whipsaw tactics.

One of the problems that the Council originally met was the tendency of some of its members to make separate arrangements with a union. Employer associations have experimented with the bond method to meet this problem. Each member puts up a large bond which is forfeited if the firm breaks away from the association or begins any type of action that would undermine the interests of the majority. The San Francisco Council, however, decided to rely only on the power of unfavorable publicity which it could direct at a rebelling member. The success of the Council's decision was shown when one of the leading hotels in the area was moved to reconsider its decision to leave the association after the Council used pressure. Disciplinary action like this has not been necessary often, but the case in point indicates that if the need arises the Council can use strong pressure to keep the membership in line. Such measures are needed by an organization that depends for its strength on the united front that it can present to the unions.

The San Francisco experience has been successful for both the employer and the union. More than that, the public interest apparently has not been harmed. For instance, there has been no indica-

tion that employer and employees have been working together to raise wages and pass the additional expense on to the public. Nor has there been any objection raised to the system by the small employer because his voice has been drowned out in the employer group by the larger members. In fact, small employers have said that they've been able to get more consideration through the organization than they would have otherwise when they would have been forced to follow the lead of the larger corporations.

The San Francisco area experience is significant because it organizes the employers in an association that is wider than the traditional craft or industry limits within the area. It covers some 2,000 employers in that area who are engaged in a wide variety of business activity. In addition, it establishes a pattern that has been significant in guiding the employers in such cities as Oakland, Los Angeles, Phoenix, and Reno toward establishing similar systems. An employer's council similar to the one developed in San Francisco has been organized in Northern California, and recently a Pacific Coast Council has been put into operation on an experimental basis.

Experience in the Pottery Industry

Now let's examine the pottery industry.⁶ Nation-wide collective bargaining in this industry began in 1900. The basis for the first agreement was laid three years before when members of the United States Potters Association and the National Brotherhood of Operative Potters found themselves in Washington, D.C., promoting a similar cause — a high protective tariff on imported pottery. The joint lobbying action at that time was the first step to a long and peaceful history of collective bargaining relations between the two groups.

Actually, multiple-unit bargaining is not carried on in all branches of the industry. The two major divisions, general ware (semivitreous table and kitchen articles) and chinaware, operate under a national agreement. Although the agreement in general ware and china is nation-wide in coverage, Table 1 shows that it is not yet industry-wide. In general ware, the national agreement covers 80 per cent of the employees, while 50 per cent of the workers in china are covered. In addition, firms which follow the pattern of the national agreement bring these figures up to 90 per

cent and 60 per cent, respectively. Manufacturers of sanitary ware (bathroom and toilet fixtures) once contracted on a nation-wide basis but don't any more. Porcelain electrical supplies and art, novelty, and stoneware article manufacturers always have bargained on a company-wide basis.

Let's consider the bargaining procedures in the china and general ware divisions.

We've already pointed out that one of the main goals of multi-unit bargaining is to make wages the same throughout an industry and thus, to remove wages from competition. This aim is especially important in the pottery industry where competition has always been keen, and where low-wage plants, free to set wages at a minimum level, have a definite competitive edge in the market. Such a condition is harmful to labor and management alike. Workers suffer because earnings are not high enough and employers have a hard time making the business pay. Labor and management leaders, realizing the extent to which wage competition hurts the industry, gave up the wage contest in favor of wages that were the same in the entire industry. General ware and china manufacturers and the union have worked out equal wages to a high degree, both in piece rates, the method of payment for more than half the workers, and in time rates.

Why have the parties found a need for nation-wide bargaining in the pottery industry? The industry is highly competitive and to protect itself from being forced against the wall by added competition from outside, wide joint action on wages and the tariff has been thought necessary.

In 1900, there were 1,000 firms with about 44,000 workers. By 1946, there were 250 firms with about 40,000 workers.⁷ Labor costs make up an estimated 60 per cent of the total manufacturing costs. One of the reasons for this high number is that 40 per cent of the workers are skilled and get high wages. You can see from this that the wage levels and wage changes are an important concern.

Labor and management in the pottery industry have been working together on a nation-wide basis for a high protective tariff since their first joint bid before the turn of the century. Both groups claim they'd have a hard time without the tariff. They say foreign potters, given a free market, could sell goods in this country

for less than the local industry. Both groups claim that the tariff is needed if they're to stay in business.

Bargaining and administrative procedures. The Brotherhood of Operative Potters (AFL) and the United States Potters Association have worked out a novel and effective system for carrying out collective bargaining. The locals draw up and submit their proposals to the national convention of the union. The convention considers the various proposals and from them works out a set of demands. Conference committees are elected by locals in Association plants to sit in on the bargaining sessions. The negotiating is done by the two top union officials, who, as members of the national executive board, are *ex officio* members of the conference committee. The judgment of the committee as a whole is determined at private meetings held from time to time during the negotiations.

This large union negotiations committee is unwieldy at times, but the advantages gained by having local men at the bargaining table far outweigh any other consideration. The men leave the conference knowing exactly what's in the new agreement and what's more, why the agreement turned out the way it did and what the parties had in mind in reaching agreement. Their complete understanding of the issues makes it possible for them to do a skilled job of explaining the agreement when they get home.

The Association was formed in 1875 and today its membership covers 85 to 90 per cent of the industry. Most of the firms which are not members of the Association have contracts with the Brotherhood that provide for the same wage rates and working conditions.

Negotiations for the Association are carried on by a "labor committee," which is elected each year. The committee represents different geographical areas, branches of the industry, and plant sizes. The committee holds pre-conference meetings with other members of the Association to consider the union demands and to form its own demands.

The Brotherhood's conference committee and the Association's labor committee begin negotiations early in August. Agreements are signed for two years and expire October 1. Until recent times, the two committees met only at these negotiation sessions, but now special meetings are held during the life of the contract to amend the agreement. The same conferences serve both the china and general ware manufacturers, but aid is given by special joint com-

mittees when technical problems come up peculiar to a certain plant or section.

Negotiations between the Brotherhood and the Association are conducted informally. No official notes are taken. Both sides have full authority to sign binding contracts. In case of a deadlock, the union locals take a strike vote by referendum, but this has not been necessary since 1922.

The tradition of continuous service among key men of both union and management is pointed out by many as the principal reason for the successful bargaining relationship between the two parties.⁸ The present president of the Brotherhood has held office since 1928. His brother served in the same capacity from 1903 to 1911. The present chairman of the Association's labor committee was elected in 1928. He succeeded his father, who came to office in 1906.

The most important problem in the day-to-day working of the agreement, of course, is solving questions arising out of what the contract means and how the meaning is applied to both parties. Settlement of such questions is handled by three standing committees — general ware, china, and decorating — with members on each committee equally divided between the union and the Association. The committees decide all questions without the consent of the national officers. And even if the officers are able to reach agreement, the question still goes to the proper standing committee. If there is no settlement in committee, the question may be sent back to the local parties and then returned to committee again. If there is still no settlement after all these steps have been taken, the contract calls for arbitration. But this last step is almost never used.

The main job of the standing committees is to decide piece rates for new types of ware or new manufacturing processes. Rates are set in the local plants, but must be approved by the standing committee because new rates are at once applied throughout the industry. If there is disagreement on a rate, the men work "under protest," or under a guaranteed earnings agreement, until the dispute is settled. A "square deal" clause in the contract assures the workers a continuing fair day's pay when changes in work methods are introduced. In addition, the workers are assured retroactive adjustment if final settlement is made in their favor.

Wage standardization. The original uniform wage schedule, as well as later additions to it, was made by taking the rates in effect in member plants and striking averages for the various pieces listed. This complicated set of figures, along with a list of sizes, make up the bulk of the national agreement, and yet the lists include only a small fraction of the total number of pieces made. The figures are intended to be used as models to set rates for pieces not covered by the agreement. Frequent, but unsuccessful, attempts have been made to increase the coverage of the all-important size list in general ware manufacturing, but the parties have never been able to reach a satisfactory compromise. (The china manufacturers don't have such a list, and, as a result, are confronted with more grievances and complaints than the pottery manufacturers.)

The Association and the Brotherhood prefer piece rates to hourly rates. About 60 per cent of the workers in general ware and china plants, including most of the skilled operators, are on piece rates. Workers on piece rates are paid a basic rate and get an additional percentage for production above the standard. Although piece rates and hourly rates have been standardized, there is still a great difference in the workers' average hourly earnings. A Bureau of Labor Statistics survey in October, 1944, showed that in the East Liverpool district (eastern Ohio, northern West Virginia, and western Pennsylvania) piece rates averaged from 15 per cent to 50 per cent higher than hourly rates.⁹

These variations in take-home pay make it easy for labor to move around in the industry. It is common for potters to move from plant to plant as wages change, and the union doesn't attempt to stop it. As a result, the manufacturers are quick to pick up new equipment and machinery and to pass on to the workers the gain from labor-saving devices. They've learned those who fall behind in modernizing equipment either catch up or go under.

You may ask to what extent multiple employer bargaining has influenced wage movements in general ware and china manufacturing. Lester and Robie conclude that "Over the last four or five decades, average hourly earnings have not risen more rapidly than earnings in all manufacturing. Apparently, hourly earnings in these branches increased more slowly than for all manufacturing during the relative prosperous years from 1912 to 1925 and decreased more slowly than for manufacturing in general between 1925 and

1932. From 1932 to 1944, however, average hourly earnings in general ware and china seem to have increased somewhat more rapidly than in manufacturing as a whole."¹⁰

We can conclude that, in spite of the keen competition, national wage equality stabilizes the pottery industry. Although average hourly earnings vary, unit labor costs remain the same from plant to plant. There are other factors which contribute to the stability of the union-management relations: the central control of grievance settlement; the long term of office held by union and management leaders; the high tariff which keeps foreign competition to a minimum and is a common aim for labor and management; and fixing the location of the industry in a few centers.

ADVANTAGES OF MULTI-UNIT BARGAINING

These above illustrations may suggest various factors that tend to influence the trend toward or away from multi-unit bargaining. Let's consider the positive influences, those that encourage more groups to participate in this type of activity.¹¹

Union people and management people feel that greater wage stabilization as a result of multi-unit bargaining is an advantage to both groups. Officials of local firms who have banded together in strong employer organizations govern themselves more and can determine their own local wage patterns. They do not have to rely so much on national patterns. This is especially true in industries led by one or a very few large concerns. From the point of view of union people, wage standardization is always a major aim. The master agreement is a very satisfactory way to get it. In addition, wage stabilization eliminates a major source of grievances, unequal wages between plants in the same industry.

Multi-unit bargaining serves to control stubborn management people. Pressure can be used by representatives of both the union and the employer association. There is little chance that any employer will be either strong or big enough to buck both forces.

The two parties profit by the decrease in the number of strikes and lockouts. Employers and unions alike are bound to suffer heavily when industrial disputes reach the point of open warfare. If a high degree of equality in bargaining strength exists between

them, however, neither side will want to take the first step toward a war that it only has a fair chance of winning.

The multi-unit bargaining agreement has administrative advantages for both sides. Small employers are able to use the services of high-priced industrial relations experts that they would not ordinarily be able to afford. Unions find it easier to police the area of their jurisdiction if all the firms are operating under a common agreement and centralized control of many personnel policies.

Multi-unit bargaining makes union security more firm. When a union has an agreement with an entire industry, or in an area, it's not as easy for rival unions to get into the picture. The traditional union approach to organize an area is to start with one firm at a time. Where the multi-unit system is used, rival unions would have to sign up 50 per cent of all the workers under the master agreement. This is almost impossible and makes an established union almost impossible to destroy.

From the viewpoint of management people, multi-unit bargaining has several advantages. First, and most important, employers gain a more even balance of power where bargaining power in the past was concentrated in the union. A well-knit association of employers will match increasing union strength. It strengthens the resistance of individual employers who are faced with a strong union.

Management people, bargaining as an association, have a good defense against whipsawing. By combining into an administrative association, they are able to set up standard working conditions, and present a united front against whipsawing during the life of a contract or during negotiations.

The individual employer who is a member of an association is at an advantage when labor strikes in an area where there is multi-unit bargaining. A strike in one plant spreads immediately to all the other plants in the area. The individual employer can unite with others in financial assistance and encouragement. He won't lose his market to local competition, because his competition isn't operating. His campaign for public opinion is won more easily when joined with other employers than alone. And this same campaign is made easier because strikes are generally blamed on unions. If the inconvenience to the public increases as a result of large strikes, then the people affected will increase the blame on the union.

Finally, as a result of multi-unit bargaining, employers are of one mind in their action. Every firm in an employer association, instead of relying on guesswork, knows the direction each member will take on matters of industrial relations. They can exert political or legislative influence as a group, with much more chance of success than if they did it alone.

These, then, are the factors that influence the swing toward multi-unit bargaining. However, there are also serious disadvantages to the multi-unit system.¹²

DISADVANTAGES OF MULTI-UNIT BARGAINING

By its very nature, a master agreement involves the application of a uniform set of standards to a variety of local problems. Thus the negotiators find it impossible to take adequate account of differences in cost factors, specialized efficiency problems, varying locations, or profit levels. Although some master agreements permit considerable local variation within a general set of standards, even these must impose some standardization regardless of local conditions. Sometimes this failure to adjust standards to local conditions is considered by managers a serious drawback. On occasion, the labor groups find it a disadvantage.

Among the most difficult problems management people face are to enforce the agreement and to discipline firms who are members of an association. One or more of the member companies at times will be strongly tempted to pull out of the association in the belief that they would be more successful in their relations with the union if they acted independently. This is especially true in the case of the very large firms in the group who often have the opinion that they could get along just as well without the benefits of the association. In addition, most associations have the problem of dealing with a large number of itinerant employers. These members are relatively unstable.

Individual plant managers who consider the transfer of decision-making from themselves to the association may consider this change a disadvantage. The right of management to manage is one of the axioms of American industry, and some managers are not willing to delegate it, even to an employer group in which they are represented.

In some cases, the association chooses its members. If such is the case, the firms left out of the group become targets for pressure from the union. On the other hand, if the association lets any and all firms in the area become members, it has the problem of "weak sisters."

Finally, the employer association may use its power as a curb against other firms. The association can make it difficult for new firms to continue in business. It can discriminate against non-union, price-cutting, and non-member firms. These actions, of course, are not to the welfare of the firms outside the organization and definitely are not in the interest of free enterprise. But they may be of great aid to the group to hold a semimonopoly in the area.

We have said that strikes are less likely to take place under multi-unit bargaining, but if they do occur they are increasingly long and costly to the union and management. If bargaining was on the basis of local union-plant, both sides might be more willing to settle and get back into production.

There are a number of disadvantages to multi-unit bargaining for the union. The strengthening of the employer's position gives the strong union less opportunity to control the individual plant. Local unions lose much of their power to govern themselves. Most local unions like to have a certain amount of voice in deciding overall union policy, but under the multi-unit system, this power is most often placed in a higher authority.

EFFECT ON THE PUBLIC

How extensively multi-unit collective bargaining develops in our industrial system will, in the final analysis, depend on the reaction of the public. Let's consider, then, the effects of such a system on the public.¹³

In the first place, past experience indicates there is less chance for a strike. Higher costs and longer strikes due to a more even balance of bargaining power make strikes less likely during negotiations. In addition, the two parties will be more careful about causing a strike or lockout because an industry-wide stoppage would anger the public more quickly than a stoppage in a single plant.

Secondly, if a strike does occur, the public is likely to suffer more discomfort and inconvenience than if only a single plant were affected.

Finally, the wages and working conditions of workers are not so much influenced by competition between plants selling the same product or hiring labor from the same local area. From the public's point of view this has the advantage of eliminating the possibility of substandard conditions. On the other hand there is always the possibility that labor costs may be pushed up so high that consumers will be forced to pay disproportionately high prices. Such studies as have been made suggest that high prices have not so far been the usual result of multi-unit bargaining.¹⁴

As the area of collective bargaining widens to include more and more of a whole industry in a single negotiation, the public interest gets more and more involved, and the public becomes more and more concerned with the outcome. We are already experimenting with various devices to focus this concern, from the use of mediation, through the fact-finding and recommendation boards to compulsory arbitration. It is difficult to find the best balance of our concern with private collective bargaining on the one hand, and with government influence in the course of labor relations on the other. The wider the area of bargaining, the more difficult this problem becomes.

EFFECT ON INDUSTRIAL RELATIONS

In this short discussion it is not possible to present in detail the various results of multi-unit bargaining in industrial relations. We can, however, summarize a few general observations:

1. The growth and general acceptance of master agreements by labor and management suggests that they both have found that it has been successful in protecting them against competition in wages rather than in production efficiency.

2. Labor and management are moving toward a balance of power in their bargaining relations. This balance of power, however, is complicated and not easily achieved or maintained. The area of bargaining necessary to achieve this balance changes with the changing conditions.

3. As the number of units covered by the agreement increases, negotiators are not able to take into account all of the variations in the conditions of single plants.

4. The problem of holding organizational lines together in-

creases as the number of units participating increases, and leads to centralized authority for making decisions.

5. The public is tending to press the government to greater intervention in the bargaining process as the process widens out to embrace larger areas.

Notes

1. Bureau of Labor Statistics, Bulletin No. 897, "Collective Bargaining with Associations and Groups of Employers," p. 3.

2. *Ibid.*

3. Cf. Neil Chamberlain, "The Organized Business in America," *Journal of Political Economy*. Vol. 52 (1944), pp. 97-111.

4. The discussion of the San Francisco experience is taken from *Insight into Labor Issues*, edited by Richard Lester and Joseph Shister, (New York: The Macmillan Co., 1948). Chap. II. "Multiple-Employer Bargaining: The San Francisco Experience," by Clark Kerr and Lloyd H. Fisher.

5. *Ibid.*, p. 27.

6. The discussion of the pottery industry is taken from Richard A. Lester and Edward A. Robie, *Wages Under National and Regional Collective Bargaining*. (Industrial Relations Section, Princeton University, 1946.) Also David A. McCabe, *National Collective Bargaining in the Pottery Industry*. (Baltimore: The Johns Hopkins Press, 1932.)

7. Lester and Robie, *op. cit.*, p. 22.

8. Lester and Robie, *op. cit.*, Chapter III. McCabe, *op. cit.*

9. U. S. Dept. of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. Vol. 61 (July, 1945), No. 1, p. 105-8.

10. Lester and Robie, *op. cit.*, p. 29.

11. For the case in favor of multi-unit bargaining see J. A. Estey, *The Labor Problem* (New York: McGraw-Hill Co., 1928), p. 216-217. Clinton S. Golden and Harold J. Ruttenberg, *The Dynamics of Industrial Democracy* (New York: Harper and Brothers, 1942), Chap. X. A. R. Heron, "Industry-Wide Agreements," *Personnel Journal* 18 (June, 1939), pp. 42-50. See also testimony before the U. S. Senate Committee on Labor and Public Welfare, 80th Congress.

12. Arguments against multi-unit bargaining may be found in Charles E. Lindblom, "Collective Bargaining and the Competitive System," *Canadian Journal of Economics and Political Science: A National Labor Policy* (Washington, D. C.: The Brookings Institution, 1947), Chap. V; Henry C. Simmons, "Some Reflections on Syndicalism," *Journal of Political Economy*, Vol. 52 (1944), pp. 1-25; Leo Wolman, "The Area of Collective Bargaining," *Political Science Monthly*, Vol. 59 (1944), pp. 481-88.

13. Lester and Robie. *op. cit.*

14. *Ibid.*

Selected Bibliography

- BAKKE, E. WIGHT and KERR, CLARK. *Unions, Management and the Public*. New York: Harcourt, Brace and Company, 1948.
- BUREAU OF LABOR STATISTICS. Bulletin No. 897. "Collective Bargaining with Associations and Groups of Employers," 1947.
- KERR, CLARK and RANDALL, ROGER. *Crown Zellerbach and the Pacific Coast Pulp and Paper Industry*. Washington, D. C.: National Planning Association, Committee on the Causes of Industrial Peace under Collective Bargaining, 1948.
- LESTER, RICHARD A. and ROBIE, EDWARD A. *Constructive Labor Relations; Experience in Four Firms*. Princeton, N. J.: Princeton University, Industrial Relations Section, 1948.
- . *Wages under National and Regional Collective Bargaining; Experience in Seven Industries*. Princeton, N. J.: Princeton University, Industrial Relations Section, 1946.
- LESTER, RICHARD A. and SHISTER, JOSEPH. *Insights into Labor Issues*. New York: The Macmillan Co., 1948.
- MCCABE, D. A. *National Collective Bargaining in the Pottery Industry*. Baltimore: Johns Hopkins Press, 1932.
- . "Problems of Industry-Wide or Regional Trade Agreements," *American Economic Review XXXIII Supplement* (March, 1943), 169.
- SMITH, LEONARD J. *Collective Bargaining*. New York: Prentice-Hall, Inc., 1946.
- THE TWENTIETH CENTURY FUND. *How Collective Bargaining Works*. New York: The Twentieth Century Fund, 1942.
- WILLIAMSON, S. T. and HARRIS, HERBERT. *Trends in Collective Bargaining*. New York: The Twentieth Century Fund, 1945.
- WOLMAN, LEO. *Industry-Wide Bargaining*. New York: The Foundation for Economic Education, 1948.



I.L.I.R. Bulletins

These Institute *Bulletins* are available up to 10 copies each without cost to individuals and groups in Illinois. Single copies are available without charge to individuals and groups outside the State. A charge of five cents a copy is made beyond these minimum requests.

Seniority and Job Security

Plant-Protection Employees Under Current Federal Labor Legislation

Collective Bargaining by Foremen

Municipal Mediation Plans

Assignment and Garnishment of Wages in Illinois

Federal Court Decisions on Labor, 1947-48

Health Programs in Collective Bargaining

What Tests Can Do for Industry

Administration of the Taft-Hartley Act

Supervisory Training — Why, What, How

Some Effects of the Taft-Hartley Act

Research Reports

Crab Orchard Labor Market Survey (Out of print)

Farm and Non-Farm Work by Open Country Residents in Two Southern Illinois Counties

Cost of Living Comparison for Freeport, Chicago, and Milwaukee

Conference Reports

(Available at a cost of \$1 each)

Proceedings Personnel Management Conference, September, 1947

Proceedings Conference on Labor Law, November, 1947

Proceedings Training Directors' Conference, December, 1947

Proceedings Second Annual Personnel Management Conference, October, 1948

Proceedings Conference on Problems of Labor Law, December, 1948

Proceedings Conference on Union Health Programs, February, 1949

Proceedings Third Annual Labor Journal Editors Conference, April, 1949

Lecture Series

Goals of Effective Collective Bargaining, by George M. Harrison

The Human Factor in Production, by Phillips Bradley

Where Is the Labor Movement Headed? by W. Ellison Chalmers

Some Implications of Industrial Relations Research for Theory, by Milton Derber

Lectures on Personnel Management, by George Monk and others







